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THE *Tobacco* SITUATION

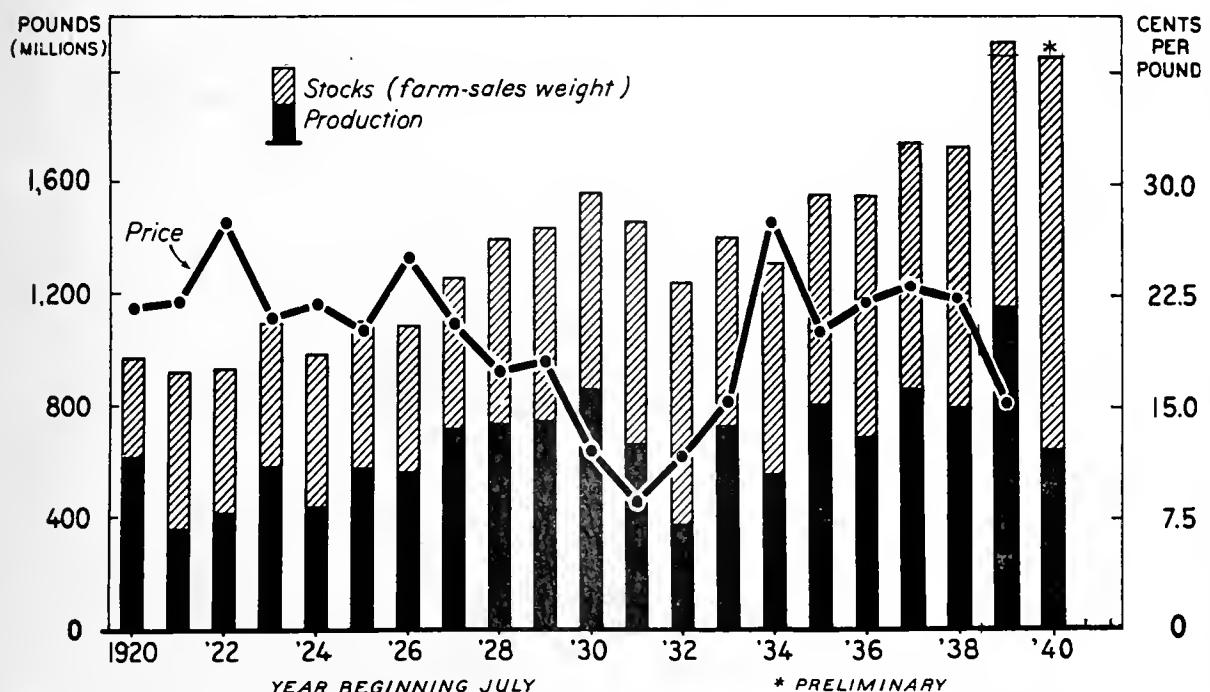
BUREAU OF AGRICULTURAL ECONOMICS
UNITED STATES DEPARTMENT OF AGRICULTURE

TS-16

BAE

SEPTEMBER 1940

Flue-cured Tobacco: Supply and Price in the
United States, 1920-40



U. S. DEPARTMENT OF AGRICULTURE

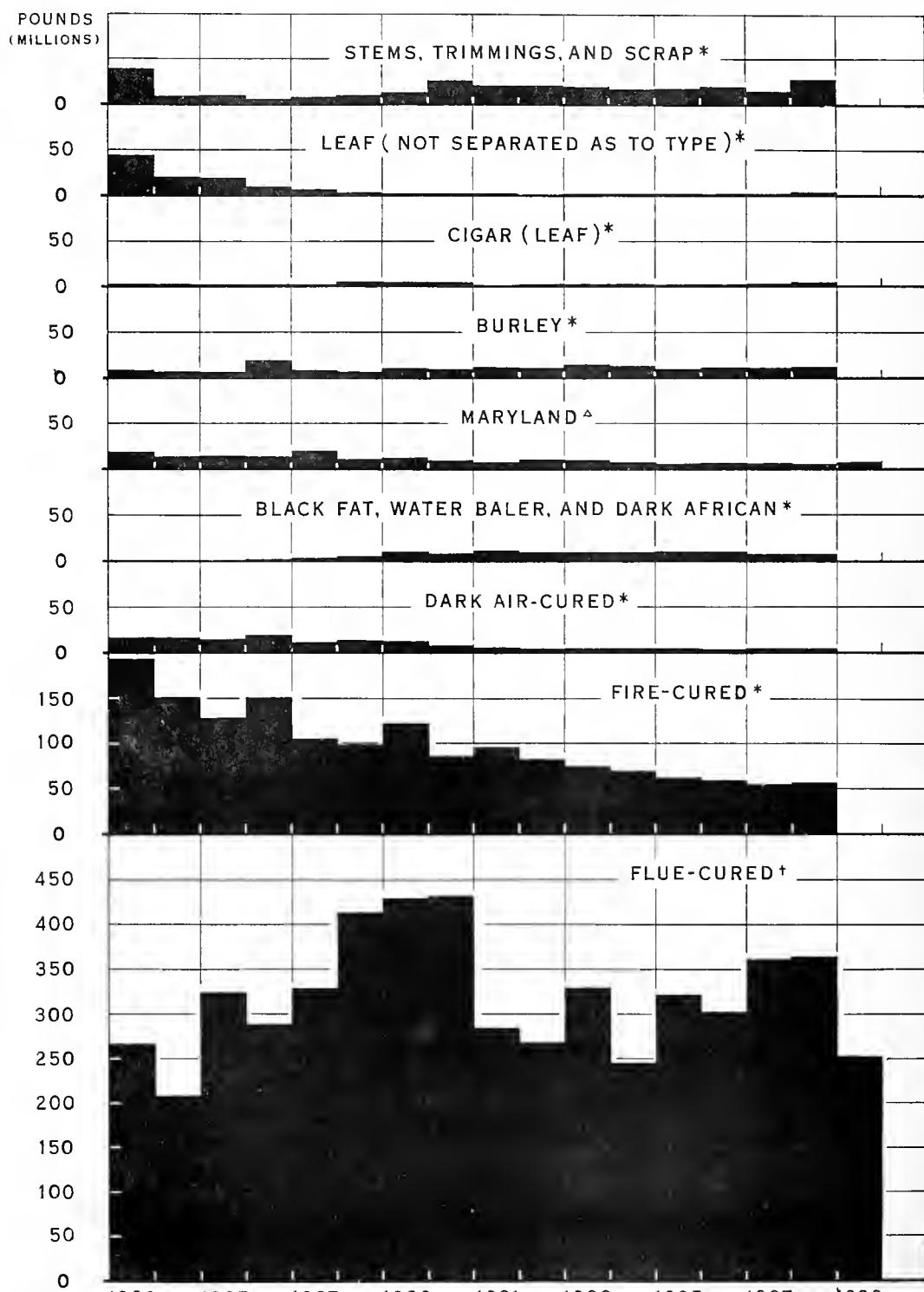
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BUREAU OF AGRICULTURAL ECONOMICS

THE 1940 SUPPLY OF FLUE-CURED TOBACCO WILL BE ABOUT AS LARGE AS THE RECORD SUPPLY OF 1939. THE ESSENTIAL DIFFERENCE IN THE SUPPLY SITUATION IS THAT THE 1939 SUPPLY WAS LARGELY THE RESULT OF THE 1939 RECORD CROP WHEREAS THE LARGE 1940 SUPPLY HAS RESULTED FROM THE INCREASE IN CARRY-OVER FROM THE RECORD 1939 CROP AND DECREASED EXPORTS.

THE CURRENT AND PROSPECTIVE (1941-43) FLUE-CURED PRODUCTION ADJUSTMENT PROGRAMS OF THE AGRICULTURAL ADJUSTMENT ADMINISTRATION, AND THE PURCHASE AND LOAN ACTIVITIES OF THE COMMODITY CREDIT CORPORATION, ARE EXPECTED TO MAINTAIN OR INCREASE IN THE CURRENT SEASON THE 1939 SEASON AVERAGE PRICE OF 14.9 CENTS PER POUND. MARKET PRICES TO DATE THIS SEASON HAVE BEEN GENERALLY HIGHER THAN THOSE DURING THE SAME PERIOD IN 1939.

TOBACCO: EXPORTS FROM THE UNITED STATES BY TYPES, 1923-39



* YEAR BEGINNING OCTOBER

^ YEAR BEGINNING JANUARY FOLLOWING PRODUCTION

† YEAR BEGINNING JULY

THE TOBACCO SITUATION

Summary

The total 1940 tobacco crop in the United States, as indicated September 1, is 1,241,700,000 pounds, - a decrease of 32.8 percent from the record 1939 crop of 1,848,700,000 pounds. The largest part of the decrease is in the flue-cured crop, which totaled 1,159,300,000 pounds in 1939 but is estimated at only 643,000,000 pounds this year, - a decrease of 44.5 percent.

Flue-cured prices so far this season for all types and practically all grades have been higher than in 1939. These price increases are attributable in large measure to the current and 3-year program (1941-43) of the Agricultural Adjustment Administration and the purchase and loan program of the Commodity Credit Corporation. Funds are again being advanced by the Commodity Credit Corporation for the purchase of part of the flue-cured crop normally taken by British interests. Funds are also being advanced to exporters in the United States who buy for export to other countries which are unable to import normal amounts because of the war. These activities are designed to eliminate the surplus of flue-cured tobacco brought about by the record 1939 crop and the abnormally small exports. The 1940 supply of flue-cured is 2,053 million pounds, a reduction of more than 50 million pounds from the record 1939 supply of 2,106 million pounds.

The flue-cured marketing quota for 1941 has been proclaimed at 618 million pounds, which is the same as the 1940 quota. State acreage allotments will be approximately the same as those of 1940.

Flue-cured exports during July and August 1940 totaled 23,389,000 pounds, - 39 percent below those for July and August 1939. Of this amount

9,496,000 pounds were exported to the United Kingdom and 6,379,000 pounds to China. Present prospects for any immediate improvement in the export situation are not encouraging.

Supplies of Burley and of Maryland tobacco are a little below those of 1939. Maryland exports for the first 8 months of 1940 are less than half those for the corresponding period in 1939.

Tax-paid withdrawals of cigarettes have been increasing. Withdrawals for the 2 months July-August 1940 totaled 32 billion cigarettes, - 3 percent above the same 2 months in 1939. The increased industrial activity brought about by the National Defense Program may be expected to result in a continued moderate upward trend in cigarette consumption, which will probably increase somewhat the domestic consumption of flue-cured, Burley, and Maryland.

Both domestic consumption and exports of dark tobaccos continue to decline. Supplies are expected to be above those of 1939.

The 1940 supply of domestic cigar leaf will approximate 409 million pounds, - a little more than the 1939 supply. The July-August (1940) tax-paid withdrawals totaled 931 million cigars, - an increase of 1.2 percent over the same 2 months in 1939. A continued moderate increase in cigar consumption may be in prospect.

- September 27, 1940

FLUE-CURED TOBACCO, TYPES 11-14

Prices generally higher than in 1939

Flue-cured markets opened on scheduled dates. Prices received by growers to date are considerably above those of the preceding year, in spite of the fact that the total flue-cured supply as of July 1, 1940 is only 2.5 percent below the record supply a year earlier of 2,105,600,000 pounds.

The Georgia-Florida markets for type 14 opened August 8. Sales were heavy in volume on the opening day but not all warehouses were full as on the opening day in former years, probably because of some skepticism concerning prices in the face of the near-record supply. With prices turning out to

be higher than had been expected during the first week, growers rushed their tobacco to market, and capacity sales continued until near the close of the markets. Producers' sales for the season in Georgia and Florida totaled 87,178,972 pounds, or 97 percent of the total type 14 flue-cured crop of 89,675,000 pounds estimated by the Crop Reporting Board as of September 1. Of the total producers' sales, 79,246,276 pounds were marketed in Georgia and 7,932,696 pounds in Florida. Prices received for all grades of type 14 were higher this year than in 1939. The average price received for all sales was 15.6 cents per pound. Most of the markets for type 14 closed on August 27 and 28; the last market closed on August 30.

The South Carolina and North Carolina markets for type 13 opened August 20. First-hand sales during August totaled 53 million pounds, or 42 percent of the crop as estimated September 1, at an average price of 18.4 cents. This compares with sales in August 1939 of 157 million pounds, or 69 percent of the large 1939 crop, at an average price of 16.4 cents.

Eastern North Carolina markets for type 12 opened September 3 with prices higher in most instances than those received during the opening week of the 1939 marketing season. The 1940 crop of type 12 indicated September 1 is 213,840,000 pounds, which is about one-half as large as the 1939 crop. The average for the 1939 crop was 15.4 cents per pound.

Middle Belt markets for type 11b opened September 17 with practically all grades selling at higher averages than on the opening day in 1939. The bulk of the sales on the opening day ranged from 12 cents to 27 cents per pound, with the largest increases in the fair to fine quality lugs and primings. The volume of sales during the opening week was smaller than the volume last year, largely because of the smaller crop.

The Old Belt markets for type 11a opened September 24 with prices on the opening day considerably above those of last year, an unofficial estimate of the average being slightly more than 20 cents. Prices since the opening day have been on a slightly lower level. First sales in this area in 1939 averaged about 15.5 cents.

Quantity and quality reduced by rain

Heavy rains and floods in August reduced both the quantity and quality of the 1940 flue-cured crop. The damage was probably greater in South Carolina and Eastern North Carolina than in the Middle and Old Belts.

Flue-cured prices maintained by 3-year adjustment programs and Commodity Credit Corporation loans

Prices for all flue-cured types so far this season have been above those received last season. These increases in prices are probably attributable in large measure to the 3-year program of the Agricultural Adjustment Administration designed to reduce the present surplus stocks brought about by the 1939 record flue-cured crop and current abnormally small exports.

Flue-cured tobacco: Price per pound received for warehouse sales in
 Georgia, North Carolina, South Carolina, and Virginia,
 by types and months, 1930-31 to 1940-41

Type and year	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
	Cents								
Type 11:									
1930-31			11.4	14.2	12.0	10.1	8.6	5.5	3.7
1931-32			9.3	9.3	8.4	6.3	5.9	4.8	
1932-33			11.1	11.3	11.1	9.8	7.3	5.0	
1933-34			9.8	10.3	14.9	18.7	16.9	14.3	13.7
1934-35			25.2	27.8	32.3	28.1	18.7	16.0	9.0
1935-36			19.7	18.1	22.0	21.3	17.4	14.4	9.5
1936-37				24.8	23.5	23.3	19.4	17.4	13.5
1937-38				25.9	26.2	22.9	17.2	14.0	12.0
1938-39			22.6	21.8	24.5	21.1	16.4	14.2	
1939-40				12.8	15.6	16.7	13.3	10.6	8.4
1940-41									
Type 12:									
1930-31				10.5	14.9	14.4	13.8	12.1	10.0
1931-32				8.7	10.3	9.1	7.0	6.0	1.7
1932-33				10.8	13.0	13.6	11.6	5.1	
1933-34			10.4	11.5	15.5	20.2	17.6	15.2	9.2
1934-35			26.2	27.8	35.0	28.1	14.4		
1935-36			19.2	18.9	23.8	20.3	15.5		
1936-37				21.5	24.9	21.9	12.6		
1937-38				21.7	22.0	29.7	24.1	15.6	
1938-39				22.7	21.8	25.8	19.8		
1939-40				15.0	12.6	17.0	17.4	13.4	
1940-41									
Type 13:									
1930-31			10.2	13.7	13.9	12.1			
1931-32			11.4	10.5	6.6	5.3			
1932-33			12.0	12.3	10.8				
1933-34			12.9	13.0	12.5	12.2			
1934-35			24.1	21.0	19.0				
1935-36			21.7	17.9	16.4				
1936-37			23.2	21.1	14.5				
1937-38			23.8	20.3	18.1				
1938-39			24.2	19.4	15.3				
1939-40			16.4	12.8	12.1	11.9			
1940-41			18.4						
Type 14:									
1930-31				9.9					
1931-32		7.3	6.4	3.0					
1932-33			10.4						
1933-34			11.3						
1934-35			18.7						
1935-36			18.9						
1936-37			21.0						
1937-38		25.2	18.6						
1938-39		26.8	19.2						
1939-40		14.6	12.1						
1940-41		15.6							

Season average prices per 100 pounds of flue-cured tobacco, by grades,
on representative markets, 1939-40

Type 12

U. S. standard grade 1/	Crop of 1939	U. S. standard grade 1/	Crop of 1939	U. S. standard grade 1/	Crop of 1940 2/
Leaf:	<u>Dollars</u>	<u>Dollars</u>	<u>Dollars</u>	<u>Dollars</u>	<u>Dollars</u>
B2L	29.00	30.00	X1L	24.50	29.00
B3L	25.00	27.00	X1F	24.00	29.00
B2F	27.00	26.00	X2L	22.50	28.00
B3F	22.00	23.50	X2F	21.50	27.00
B3R	17.00	20.00	X3L	19.50	25.00
B4L	21.50	24.00	X3F	18.50	23.00
B4F	18.00	19.50	X4L	15.00	19.00
B4R	13.50	15.50	X4F	13.75	16.00
B4GL	15.50	16.00	X5L	10.75	10.50
B4GF	13.50	13.75	X5F	10.00	9.25
B5L	17.50	19.50	X5GF	7.75	6.75
B5F	13.75	15.00	Primings:		
B5R	10.25	12.00	P1L	23.50	29.00
B5GL	12.75	12.00	P1F	23.00	29.00
B5GF	10.75	10.50	P2L	21.50	27.00
B6L	11.75	12.75	P2F	21.00	27.00
B6F	9.50	10.50	P3L	18.00	24.00
B6R	7.50	8.50	P3F	17.00	22.50
B6GL	9.25	9.00	P3G	11.75	12.00
B6GF	8.00	8.00	P4L	12.75	16.50
B6GD	6.75	7.00	P4F	11.50	14.00
Smoking leaf:			P4G	8.00	8.25
H3F	23.00	25.00	P5L	8.50	9.50
H4F	19.50	21.50	P5F	7.75	8.25
H4R	16.00	20.50	P5G	5.75	6.50
H5F	15.50	16.50	Nondescript:		
H5R	12.00	13.00	N2B	6.00	5.50
H6F	11.25	12.00	N1X	6.50	6.00
H6R	9.00	10.25	N2X	5.00	4.25
Cutters:			N2G	5.75	5.00
C3L	30.00	32.00			
C3F	28.00	31.00			
C4L	27.00	30.00			
C4F	25.00	29.00			
C5L	24.00	29.00			
C5F	22.00	27.00			

Continued -

Season average prices per 100 pounds of flue-cured tobacco, by grades,
on representative markets, 1939-40 - Continued

Type 13

U. S. standard grade 1/	Crop of		U. S. standard grade 1/	Crop of	
	1939	1940 2/		1939	1940 2/
	Dollars	Dollars		Dollars	Dollars
Leaf:			Lugs, contd.		
B2L	28.00	30.00	X2F	22.00	24.00
B3L	24.00	26.00	X3L	19.50	22.50
B3F	21.00	23.50	X3F	18.00	20.50
B4L	20.00	22.50	X3GL	14.75	13.25
B4F	16.50	18.50	X4L	15.00	16.00
B4GL	14.00	14.50	X4F	13.50	13.75
B5L	15.00	17.50	X4GL	11.50	10.50
B5F	12.00	13.75	X4GF	10.50	9.00
B5R	3.25	9.75	X5L	10.75	10.50
B5GL	11.25	11.00	X5F	9.50	9.00
B5GF	9.50	9.75	X5GL	8.25	8.00
B6L	9.75	11.00	X5GF	7.25	7.25
B6F	8.00	9.00	Primings:		
B6R	6.00	7.75	P1L	24.00	27.00
B6GL	8.25	8.50	P1F	23.00	27.00
B6GF	6.75	7.50	P2L	22.50	25.00
Smoking leaf:			P2F	22.50	24.50
H2F	26.00	27.00	P3L	20.50	22.00
H3F	21.50	24.50	P3F	19.00	20.00
H4F	17.00	19.50	P3G	15.00	13.00
H5F	12.75	14.25	P4L	16.00	15.00
H6F	8.75	9.75	P4F	14.25	13.25
Cutters:			P4G	11.25	9.50
C3L	29.00	30.00	P5L	11.25	10.00
C4L	26.00	29.00	P5F	9.50	8.50
C4F	25.00	27.00	P5G	7.50	7.25
C5L	24.00	27.00	Nondescript:		
C5F	22.50	25.00	N2B	5.25	5.50
Lugs:			N1X	5.75	6.50
X1L	24.50	28.00	N2X	4.00	5.25
X1F	24.00	26.00	N2G	5.00	5.25
X2L	22.50	26.00			

Continued -

Season average prices per 100 pounds of flue-cured tobacco, by grades,
on representative markets, 1939-40 - Continued

Type 14

U. S. standard grade 1/	Crop of		U. S. standard grade 1/	Crop of	
	1939	1940		1939	1940
	<u>Dollars</u>	<u>Dollars</u>		<u>Dollars</u>	<u>Dollars</u>
Leaf:			Lugs, contd.		
B2L	22.00	25.00	X3L	17.50	22.00
B3L	19.50	23.50	X3F	16.00	21.00
B3F	17.00	21.50	X3GL	11.75	15.00
B4L	16.50	21.50	X3GF	11.25	13.75
B4F	13.75	18.00	X4L	13.00	18.00
B4R	9.25	13.00	X4F	11.25	15.50
B4GL	11.75	15.00	X4GL	8.50	12.25
B4GF	9.75	13.25	X4GF	8.00	11.00
B5L	13.00	17.50	X5L	9.00	12.50
B5F	10.25	13.75	X5F	7.00	10.25
B5R	7.25	9.75	X5GL	6.25	8.75
B5GL	9.00	11.75	X5GF	5.25	8.25
B5GF	7.50	10.00	Primings:		
B6L	8.50	11.50	P1L	20.50	24.50
B6F	6.75	9.25	P1F	20.00	24.00
B6R	4.75	7.25	P2L	19.50	23.50
B6GL	6.50	8.75	P2F	19.50	23.00
B6GF	5.25	7.50	P3L	17.00	21.00
Smoking leaf:			P3F	15.50	20.00
H3F	19.00	22.50	P3G	11.50	15.50
H4F	16.00	21.00	P4L	12.50	17.00
H5F	12.25	16.50	P4F	11.00	14.75
H6F	8.25	12.00	P4G	8.50	10.50
H6R	6.25	9.00	P5L	8.50	11.25
Cutters:			P5F	6.75	9.75
C3L	24.50	26.00	P5G	4.50	8.50
C4L	22.00	25.00	Nondescript:		
C4F	21.50	25.00	N1B	3.75	6.50
C5L	20.50	24.00	N2B	2.50	4.75
C5F	19.00	23.00	N3B	2.50	---
Lugs:			N1X	4.00	6.75
X1L	21.50	25.00	X2X	2.50	4.75
X1F	21.00	25.00	N1G	3.50	6.00
X2L	19.50	24.00	N2G	3.00	4.75
X2F	19.00	23.50	N3G	3.00	---

1/ Key to standard grade marks for flue-cured tobacco:

Group

Quality

Colors

B - Leaf

1 - Choice

L - Lemon

H - Smoking leaf

2 - Fine

F - Orange

C - Cutters

3 - Good

R - Red (mahogany)

X - Lugs

4 - Fair

G - Green

P - Primings

5 - Low

(L) Light shade

N - Nondescript

6 - Common

(F) Medium shade

2/ Season through September 19, 1940.

Compiled from Market News Reports of the Agricultural Marketing Service.

The Commodity Credit Corporation is again advancing funds for the purchase of part of the flue-cured leaf which normally has been taken by the United Kingdom. Funds are also being advanced to tobacco companies of the United States who buy for export to countries now unable to import normal amounts because of the war.

Purchases of the 1939 flue-cured crop for British account reached 173,779,000 pounds. The British option, which extends to July 1, 1941, has not been exercised on 161,456,000 pounds of this total.

Value of 1940 flue-cured crop below that of 1939

The record flue-cured crop of 1,159,320,000 pounds brought growers \$172,247,000. With the higher prospective level of prices for the 1940 crop, the much smaller 1940 production of 643,035,000 pounds indicated September 1 is expected to bring returns approximating \$110,000,000.

Flue-cured marketing quota for 1941 announced

Following the flue-cured referendum held July 20, 1940 when 86 percent of the growers voting favored the adjustment program for the 3 years 1941-43, a marketing quota of 613 million pounds was proclaimed for 1941. State acreage allotments for the 1941 flue-cured crop will be essentially the same as those for 1940, which were as follows: Alabama 500 acres; Florida 13,700 acres; Georgia 73,300 acres; North Carolina 510,244 acres; South Carolina 85,418 acres; Virginia 77,400 acres.

Cigarette consumption shows increase

Tax-paid withdrawals of 15,913 million cigarettes in July 1940 represented an increase over the same month in 1939 of 11.6 percent. Withdrawals in August 1940 totaled 15,840 million cigarettes, a decrease of 4.4 percent from withdrawals of the same month of the previous year. Total July-August withdrawals in 1940 were 3 percent above those of July-August 1939. It appears probable that domestic demand will be improved further by the increased industrial activity resulting from the defense program. A minor factor contributing to increased consumption may be the increased number in military service.

Exports curtailed by trade restrictions

The United Kingdom has devised tentative plans for restricting tobacco consumption. The control plan provides that (1) withdrawal of leaf from bonded warehouses in 1941 for the production of all tobacco products (cigars excepted) will be limited to 90 percent of withdrawals during the 12 months ended March 31, 1940; (2) during 1941 manufacturers will include 4 percent of Turkish or Greek tobacco in all present mixtures, and 8 percent after 1941; (3) individual manufacturers will pool all stocks of leaf in excess of their average supply, such excess stocks to be made available to manufacturers who have less than their average supply; and (4) all advertising of cigarettes as "pure Virginia" will cease.

About 99 percent of all cigarettes sold in the United Kingdom have been made entirely of flue-cured, and the greater part of the flue-cured used was of United States origin. The restriction regarding the use of the words "pure Virginia" in advertising probably will be conducive to the use of more Empire-grown flue-cured, which in some cases is lower in price and also from 40 to 50 cents per pound cheaper than American flue-cured because of the preferential tariff.

These regulations, together with exchange restrictions, may cause some further curtailment of United States exports of flue-cured tobacco to the United Kingdom in the future. At present practically all European markets are closed, at least temporarily.

According to a late cable, flue-cured tobacco production in China, which earlier was expected to be 140 million pounds, is now estimated at about 112 million pounds, or about 8 million pounds below 1939 production. The reduced 1940 production is due to unfavorable weather, some disease infection, and also to some extent to insufficient use of fertilizer. However, in spite of the reduced flue-cured crop in China, United States exports to Oriental countries are not expected to equal the large exports of the year just past because of record productions in Manchuria and the Japanese Empire, expected exchange difficulties, and trade restrictions.

Cigarette tax increased by United Kingdom

On July 24, 1940 the United Kingdom increased the duty on American leaf to 19s. 6d., or \$5.35 per pound (conversion at official rate of exchange). This was the third increase since April 1939, and brings the tax on a pack of 20 full-sized cigarettes to about 20 cents, compared with the Federal tax of 6.5 cents per pack of 20 in the United States.

Flue-cured tobacco: Domestic supplies, disappearance, and season average price, average 1934-38, annual 1938-40 1/

Year	Production	Stocks July 1	Total Supply	Disappearance: year begin- ning July	Average price per pound
	Million pounds	Million pounds	Million pounds	Million pounds	Cents
Average 1934-38	740.6	844.9	1,585.5	703.9	22.9
1938 2/	785.7	954.5	1,740.2	793.9	22.2
1939 2/	1,159.3	946.3	2,105.6	695.9	14.9
1940 2/	3/ 643.0	1,409.7	2,052.7	—	—

1/ Farm-sales-weight equivalent.

2/ Preliminary.

3/ Indicated September 1.

Flue-cured tobacco: Exports from the United States to principal importing countries, total, July-June, 1938-39, and 1939-40, and by months, July-August, 1938-40 ^{1/}

Year and month	United Kingdom	Netherlands	Germany	Belgium	Scandinavia	Finland	Other	China	Australia	Canada	Other countries	Total
July-June												
1938-39	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
1939-40	1b.	1b.	1b.	1b.	1b.	1b.	1b.	1b.	1b.	1b.	1b.	1b.
July												
1938	226,309	6,202	4,971	3,267	9,073	1,227	7,377	4,236	53,855	20,306	2,806	20,371
1939	97,227	18,810	807	3,697	10,716	673	2,623	4,004	56,920	20,748	6,352	27,733
1940	—	—	—	—	—	—	—	—	—	—	—	—
August												
1938	2,759	513	353	67	189	5	16	271	139	6,754	296	1,799
1939	4,629	461	72	85	924	33	16	91	265	2,006	426	1,153
1940	4,457	—	—	—	—	—	—	129	4,889	—	92	2,808
September												
1938	23,275	267	54	364	350	1	741	157	3,183	1,510	491	1,603
1939	21,135	728	735	5	1,542	49	202	178	1,138	913	380	1,407
1940	5,029	—	—	—	—	164	119	179	1,490	813	38	3,172
July-Sept.												
1938	45,825	687	231	130	321	53	899	180	2,830	1,440	27	1,028
1939	20,433	3,410	—	4	1,732	57	1,477	216	2,008	3,048	318	3,335
1940	—	—	—	—	—	—	—	—	—	—	—	36,038
July-Sept.												
1938	71,859	1,467	643	561	860	59	1,656	608	6,152	4,704	814	4,430
1939	46,197	4,599	807	94	4,198	139	1,695	485	3,411	5,967	1,124	5,895
1940	—	—	—	—	—	—	—	—	—	—	—	—

^{1/} For exports by months, July-December, 1938 and 1939, see TS-14, p. 9; January-June, 1939 and 1940, see TS-15, p. 9.

^{2/} Norway, Sweden, and Denmark.

^{2/} Including Hong Kong and Kwantung.

Compiled from official records of the Bureau of Foreign and Domestic Commerce, Department of Commerce.

BURLEY TOBACCO, TYPE 31

Burley crop smaller than first anticipated

September indications are for a Burley crop of 309,570,000 pounds, or 7 percent less than the August estimate of 332,254,000 pounds and 22 percent below the 1939 crop of 394,798,000 pounds. Decreases have been quite general throughout the Burley area but by far the greatest decrease has occurred in Kentucky, where more than 65 percent of the Burley crop is grown.

The severe drought in August made it necessary to begin harvesting the Burley crop when plants were small and immature. General rains the last of August were beneficial to the part of the crop still remaining in the field. About one-third of the crop had been harvested by September 1. Present indications are that both the quantity and quality of the 1940 crop have been impaired.

Opening dates for Burley markets reported

It is reported unofficially that the Lexington market will open December 2 and the other Burley markets December 3. Prior to the opening of the markets, a Burley referendum probably will be held the latter part of November to determine whether or not marketing quotas will be in effect for the 1941 crop.

Indicated supply slightly smaller than in 1939

Production of Burley as of September 1, together with stocks estimated as of October 1, 1940, indicates an available supply of 1,065,600,000 pounds, which is only a little more than 1 percent below the 1939 supply of 1,078,900,000 pounds. For the first time since 1936, the Burley crop of 1940, estimated September 1 at 310 million pounds, is smaller than disappearance.

Disappearance about same as in 1939 probable

In line with the increased tax-paid withdrawals of cigarettes in July-August 1940, some increase in domestic consumption of Burley may be expected.

During the first 11 months of the marketing year beginning October 1939, 9,907,000 pounds of Burley were exported, which is 4.4 percent below the total for the same 11 months of the previous marketing year. Exports of Burley, principally to European countries, have totaled only about 10 or 11 million pounds annually. Any decrease in exports in the marketing year beginning October 1940 may be taken up by the probable increase expected in the domestic consumption of cigarettes. Estimated disappearance of Burley for 1939 is 323 million pounds.

Burley tobacco: Domestic supplies, disappearance, and season average price, average 1934-38, annual 1938-40 1/

Year	Production	Stocks October 1	Total supply	Disappearance: Average	
	Million pounds	Million pounds	Million pounds	year begin- ning October	price per pound
Average, 1934-38 ..	286.9	700.9	987.8	314.2	22.2
1938	339.4	660.7	1,000.1	316.0	19.0
1939 2/	394.8	684.1	1,078.9	3/ 322.9	17.3
1940	4/ 309.6	3/ 756.0	3/ 1,065.6	---	---

1/ Farm-sales-weight equivalent.

2/ Preliminary.

3/ Estimated.

4/ Indicated September 1.

MARYLAND TOBACCO, TYPE 32

Production indicated September 1 above
earlier estimates

The September 1 production estimate of the 1940 Maryland tobacco crop is 27,405,000 pounds, considerably above estimates based on earlier conditions, but still 16 percent below the 1939 production of 32,500,000 indicated by sales of the 1939 crop. The 1940 yield of .725 pounds per acre is a substantial improvement over the July and August estimates of yield, which were respectively 640 and 700 pounds. This improvement in the 1940 Maryland crop is attributed almost entirely to the favorable growing conditions during August.

Increased 1941 supply now indicated

Stocks as of January 1, 1941 are now estimated at about 40 million pounds. The increase of 6 million pounds over the earlier estimate of 34 million pounds is due to greatly reduced exports and a larger 1940 crop than that indicated by earlier conditions.

Exports to Europe for the first 6 months of the calendar year 1940 totaled only 1,204,000 pounds. During July and August there were no exports to European countries and only 4,000 pounds to other countries. Prospects are not very good for any immediate improvement in the export situation.

It now appears that the 1941 supply of Maryland tobacco will be 67,400,000 pounds, about 2 percent below the 1940 supply of 68,800,000 pounds, but 2 percent above the 1934-38 average.

No doubt domestic consumption of Maryland tobacco will increase somewhat because of a probable further increase in cigarette consumption; however, it is not likely that the increase will be sufficient to offset an expected curtailment in exports.

Maryland tobacco: Exports from the United States to principal importing countries, by months, January-August, 1939 and 1940

Year and month	France	Switzer- land	Belgium	Nether- lands	Ger- many	Scandi- navia	United King- dom	Other Europe	Other Algeria, and Tunisia	Morocco, Other countries	Total
	1,000 1b.	1,000 1b.	1,000 1b.	1,000 1b.	1,000 1b.	1,000 1b.	1,000 1b.	1,000 1b.	1,000 1b.	1,000 1b.	
Jan.											
1939	16	125	81	5	17	22	1	---	---	---	251
1940	312	44	14	14	21	9	---	56	22	494	494
Feb.											
1939	4	203	---	213	---	15	1	---	29	---	436
1940	29	---	37	37	32	---	---	---	18	---	127
Mar.											
1939	30	343	49	294	15	1	---	5	5	---	737
1940	---	---	121	121	---	---	---	5	5	---	139
Apr.											
1939	101	25	55	12	1	---	5	5	5	5	202
1940	153	---	9	9	---	---	---	5	5	5	191
May											
1939	16	9	338	7	3	2	8	8	8	9	383
1940	339	2	2	2	2	2	30	30	30	30	380
June											
1939	407	30	14	13	1	---	3	3	3	3	746
1940	---	---	---	---	---	---	7	7	7	7	7
July											
1939	80	---	99	4	3	---	---	---	3	2	191
1940	---	---	---	---	---	---	---	---	---	1	1
Aug.											
1939	79	26	11	2	5	5	5	5	5	5	123
1940	---	---	---	---	---	---	---	---	---	3	3
Sept.											
1939	99	10	66	41	41	41	41	41	41	41	238
1940	---	---	---	---	---	---	---	---	---	---	---
Jan.-Sept.											
1939	445	1,031	217	1,024	58	91	7	13	289	12	3,307
1940	---	---	---	---	---	---	---	---	---	---	---

Compiled from official records of the Bureau of Foreign and Domestic Commerce, Department of Commerce.
 1/ Norway, Sweden and Denmark.

Crop of 1939 practically all sold

All the auction markets of Southern Maryland closed on September 12. First-hand sales totaled 16,600,616 pounds, which is about 50 percent of the 1939 crop of 32,500,000 pounds indicated by sales. This is the second season in which auction floor sales have been conducted in Maryland. During this season new buyers were on the markets and purchases by firms represented last season were increased. Sales were conducted at six warehouses, one each at La Plata and Waldorf and two each at Upper Marlboro and Hughesville. A larger percentage of better quality leaf was offered this season, but since a large proportion of lower grades were also included, the total auction sales possibly do not reflect the average quality of the 1939 crop.

Through September 13 about 15,062,000 pounds of the 1939 crop had been received in Baltimore. Approximately 1 million pounds more will be delivered. Combined auction sales and sales at Baltimore indicate a season average price of about 21 cents per pound for the 1939 crop.

Maryland tobacco: Domestic supplies, disappearance, and season average price, average 1934-38, annual 1938-40 1/

Year	Stocks, Jan.		Total supply	Disappearance, Average	
	Production	of follow- ing year		following calendar year	price per pound
	Million pounds	Million pounds	Million pounds	Million pounds	Cents
Average					
1934-38	27.5	38.4	65.9	27.5	19.7
1938	29.2	37.7	66.9	30.6	18.5
1939 <u>2/</u>	<u>3/</u> 32.5	36.3	68.8	<u>4/</u> 28.8	<u>3/</u> 21.0
1940	<u>5/</u> 27.4	<u>4/</u> 40.0	<u>4/</u> 67.4	—	—

1/ Farm-sales-weight equivalent.

2/ Preliminary.

3/ Indicated by sales.

4/ Estimated.

5/ Indicated September 1.

FIRE-CURED AND DARK AIR-CURED TOBACCOS,
TYPES 21-24 AND 35-37

Slightly smaller production indicated September 1

The total 1940 production of all dark types of tobacco, indicated September 1, is 136,734,000 pounds, less than 1 percent below the production of 137,869,000 pounds indicated July 1. Small decreases throughout the dark air-cured areas are indicated. The total production of 95,445,000 pounds of fire-cured, indicated September 1, is about the same as that indicated July 1. However, a further reduction in the yield of Virginia fire-cured, type 21, from 770 pounds (July 1) to 750 pounds (September 1) is indicated. Floods caused considerable damage to the Virginia crop. In some cases the crop was completely destroyed while in others the quality was affected adversely. Practically the whole crop of Virginia fire-cured had been harvested by September 1.

Fire-cured tobacco: Exports from the United States to principal importing countries total October-December 1938-39, and by months January-August 1939-40 1/

Year and month	France	Fin-land	Bel-gium	United Kingdom	Nether-lands	Ger-many	Switzer-land	navia	Other	Scandi-na-ria	Other	Total
Oct.-Dec.	1,000 1lb.	1,000 1lb.	1,000 1lb.	1,000 1lb.	1,000 1lb.	1,000 1lb.	1,000 1lb.	1,000 1lb.	1,000 1lb.	1,000 1lb.	1,000 1lb.	1,000
1938	70	12	1,385	459	3,297	930	1,550	3,915	610	1,370	646	13,598
1939	—	98	614	204	1,331	—	1,911	1,897	363	—	—	7,064
Jan.	229	—	253	336	164	268	268	676	97	443	—	2,734
1939	4	7	42	502	52	75	144	37	1,261	331	—	2,455
1940	—	—	660	1	35	—	132	339	271	356	—	1,794
Feb.	5,537	—	469	306	320	139	188	116	138	301	—	7,514
Mar.	—	—	123	157	1,095	—	72	208	48	618	—	2,321
1939	3,291	5	339	465	510	93	338	1,201	206	248	—	6,696
1940	3,105	—	300	61	33	—	133	—	53	651	—	4,336
Apr.	—	—	—	—	—	—	—	—	—	—	—	17
1939	5,89	—	292	452	127	115	43	790	394	385	—	8,517
1940	6,646	—	—	193	—	—	71	—	234	317	—	7,461
May	—	—	—	—	—	—	—	—	—	—	—	—
1939	3,558	25	414	122	36	112	7	304	538	852	—	5,968
1940	5,378	—	—	5	—	—	—	—	110	675	—	6,168
June	—	—	—	—	—	—	—	—	—	—	—	—
1939	—	—	—	—	—	—	—	—	—	—	—	—
1940	—	—	—	—	—	—	—	—	—	—	—	—
July	—	—	—	—	—	—	—	—	—	—	—	—
1939	—	—	—	—	—	—	—	—	—	—	—	—
1940	—	—	—	—	—	—	—	—	—	—	—	—
Aug.	—	—	—	—	—	—	—	—	—	—	—	—
1939	1	38	120	48	253	227	2	508	95	179	—	1,471
1940	—	40	—	175	—	—	—	—	87	343	—	645
Sept.	—	—	—	678	14	1,921	36	893	1,076	75	597	5,290
Oct.-Sept.	18,579	87	4,435	2,863	6,885	2,672	3,446	8,959	3,509	5,082	—	56,517
1939-40	—	—	—	—	—	—	—	—	—	—	—	—

Compiled from official records of the Bureau of Foreign and Domestic Commerce, Department of Commerce.

1/ For exports by months Oct.-Dec. 1938 and 1939, see TS-15, p. 16.

2/ Norway, Sweden and Denmark.

Dark tobaccos: Domestic supplies, disappearance, and season average price, average 1934-38, annual 1938-40 1/

TOTAL ALL DARK TOBACCO'S

1/ Farm-sales weight equivalent. 2/ Preliminary. 3/ Estimated. 4/ Indicated
September 1.

Fire-cured stocks October 1, 1940 now
expected to show increase

Inasmuch as it now appears that the estimated 13 million pounds of fire-cured tobacco held in the United States by the French Tobacco Monopoly will not be exported immediately, the United States stocks will be increased by that amount. These stocks, which will be reported in the Stocks Report of the Agricultural Marketing Service, together with reduced exports of fire-cured tobacco in July and August, and anticipated reduced exports in September, result in estimated stocks of fire-cured tobacco as of October 1, 1940 of about 148 million pounds, compared with 136 million in 1939.

Increased supplies result of decreased exports

The supply of dark types of tobacco in the United States as of October 1, 1940 is expected to be about 346 million pounds, or about 4.4 percent above the total supply as of October 1, 1939, when supply was well in line with disappearance.

The largest part of the increase is in the fire-cured types, where the supply is 11,600,000 pounds above the 1939 supply of 231,800,000 pounds. The estimated 1939 fire-cured disappearance of 84 million pounds, resulting from greatly decreased exports, is about 11 million pounds smaller than the 1940 production of 95 million pounds.

Exports continue to decline

Exports of fire-cured tobacco to France this season have totaled 15,129,000 pounds. No exports to that country have been reported since June. During July only 290,000 pounds went to European countries; during August 302,000 pounds.

During the first 11 months of the present marketing season, beginning October 1939, total exports of fire-cured tobacco amounted to 33,917,000 pounds, compared with 51,226,000 pounds during the same eleven months beginning October 1938, a decrease of 33.8 percent. All of the principal importing countries of Europe are now in the controlled area.

All market openings not yet announced

The date for the opening of the Virginia fire-cured markets, type 21, has been set for November 25. No definite opening dates have been reported for the Kentucky and Tennessee fire-cured areas or for the dark air-cured crops. A dark tobacco referendum probably will be held before the opening of the markets to determine if marketing quotas will be in effect for the 1941 crop.

CIGAR TOBACCO, TYPES 41-62

Production of cigar leaf indicated September 1 is 124,936,000 pounds, less than 1 percent below the 1939 crop of 125,849,000 pounds. September 1 indications show larger crops of filler and binder but a slightly smaller crop of wrapper than was expected earlier in the season. Decreases from the 1939 crop are shown for the Miami Valley filler types and for Connecticut Valley shade-grown.

The 1940 supply of domestic cigar leaf as a whole is now expected to approximate 409 million pounds, slightly above the 1939 supply. A large part of the increase in supply is accounted for not only by the increased production but also by the recent heavy movement of farm stocks of Wisconsin binder, types 54 and 55, into the inventories of dealers and manufacturers where it will be reported for the first time. This movement of Wisconsin binder probably includes considerable quantities of old-crop tobacco. For this reason, the 1938 disappearance of 74,400,000 pounds shown in the following table is too large and the 1939 disappearance of 50,700,000 pounds too small; just how much cannot be determined accurately.

Cigar consumption during the year beginning July 1939 totaled 5,515 million cigars, an increase of 1.1 percent over the previous year. Consumption continued to increase during July and August 1940 over the same 2 months in 1939. The July-August 1940 tax-paid withdrawals are 981,253,000 cigars, which is the largest total for these 2 months since 1931 when the total was 995,319,000 cigars. In view of increased industrial activity in connection with the National Defense Program, some further increase in cigar consumption may be in prospect.

Cigar tobaccos: Domestic supplies, disappearance, and season average price, average 1934-38, annual 1938-40 1/

Class and year	Pro-	Stocks	Total	Disappear-	Average
	duction	Oct. 1 <u>2/</u>	supply	ance year	price
				:beginning	: per
	: Million	Million	Million	Million	
	: pounds	pounds	pounds	pounds	Cents
Filler, types 41-45					
Average 1934-38	44.6	163.2	207.8	48.9	10.4
1938	45.6	154.9	200.5	53.0	12.3
1939 <u>3/</u>	53.4	147.5	200.9	<u>4</u> /56.9	12.2
1940	5/50.8	4/144.0	4/194.8	---	---
Binder, types 51-55					
Average 1934-38	41.4	165.1	206.5	60.0	12.5
1938 <u>6/</u>	53.0	138.0	191.0	74.4	9.6
1939 <u>3/</u>	61.1	116.6	177.7	<u>4</u> /50.7	16.8
1940	5/64.1	4/7/127.0	4/191.1	---	---
Wrapper, types 61-62					
Average 1934-38	8.4	10.7	19.1	8.9	78.3
1938 <u>6/</u>	9.0	9.2	18.2	7.4	64.9
1939 <u>3/</u>	11.4	10.3	22.2	<u>4</u> / 9.6	76.8
1940	5/10.1	4/ 12.6	4/ 22.7	---	---

1/ Farm-sales weight equivalent. 2/ Stocks held on farms not included; stocks for types 45 and 62 are as of July 1. 3/ Preliminary. 4/ Estimated. 5/ Indicated September 1. 6/ Production includes loss after harvest as a result of hurricane and flood, estimated as follows: Broadleaf (type 51) 3,820,000 pounds; Havana Seed (type 52) 1,547,000 pounds; and Shade (type 61) 588,000 pounds. These losses are also included in the 1934-38 average. 7/ The 1940 stocks probably include considerable quantities of old-crop tobacco moved out of farm stocks into dealers' and manufacturers' inventories.

GENERAL STATISTICAL DATA

Tax-paid withdrawals of tobacco products in the United States,
July-June 1938-39, and July-August 1939-40 1/

Products	Year beginning July			July-Aug.		
	1938	1939	Change	1939	1940	Change
	Millions	Millions	Percent	Millions	Millions	Percent
Small cigarettes	168,017	177,684	+ 5.8	30,832	31,753	+ 3.0
Large cigarettes	3	3	0.0	1	2	- 47.1
Large cigars	5,453	5,515	+ 1.1	969	981	+ 1.2
Small cigars	161	130	- 19.3	23	25	+ 8.7
Snuff 3/	38,511	37,770	- 1.9	6,023	6,009	- .2
Manufactured tobacco 3//	304,182	302,073	- .7	53,514	52,172	- 2.5

1/ Tax-paid withdrawals include products from the Philippine Islands and Puerto Rico. 2/ Less than 500,000; percentage change calculated on actual figures.

3/ Thousand pounds.

Production of manufactured tobacco in the United States,
July-June 1938-39, and June 1939-40

Manufactured tobacco	Year beginning July			June		
	1938	1939	Change	1939	1940	Change
	1,000 pounds	1,000 pounds	Percent	1,000 pounds	1,000 pounds	Percent
Smoking	200,118	201,791	+ .8	17,979	16,082	- 10.6
Plug	53,352	49,951	- 6.4	4,652	4,115	- 11.5
Twist	5,500	5,640	+ 2.5	484	416	- 14.0
Fine-cut	4,588	4,425	- 3.6	461	567	+ 20.4
Scrap chewing	43,805	41,979	- 4.2	3,917	3,187	- 18.6

Exports of tobacco from the United States, by types, export weight,
1938 and 1939

Type	11 months beginning Oct.		
	1938	1939	Change
	1,000 pounds	1,000 pounds	Percent
Flue-cured 1/	362,500	252,310	- 30.4
Burley	10,363	9,907	- 4.4
Ky. and Tenn. fire-cured	42,195	30,072	- 28.7
Va. fire-cured	9,031	3,845	- 57.4
Maryland 2/	3,163	1,342	- 57.6
One Sucker	1,593	2,102	+ 32.0
Green River	2,087	566	- 72.9
Cigar leaf	2,858	549	- 80.8
Black fat, and dark African	6,856	5,293	- 22.8
Perique	157	99	- 36.9
Stems, trimmings, and scrap	27,106	19,655	- 27.5

1/ 12 months beginning July. The July-August 1940 exports of flue-cured were 23,359,463 pounds compared with 38,572,483 pounds in July-August 1939, or a decrease of 39.4 percent. 2/ 8 months beginning January 1939 and January 1940.

Acreage and production of tobacco in the United States, by types, 1939 and 1940

Type	Acreage			Production		
	1939	1940	Change	1939	1940	Change
	1/	2/		1/	2/	
	1,000	1,000	Per- cent	Million	Million	Per- cent
	acres	acres		pounds	pounds	
Total flue-cured, types 11-14	1,287.9	753.3	- 41.5	1,159.3	643.0	- 44.5
Old and Middle Belt, type 11	468.0	282.0	- 39.7	394.4	213.7	- 45.8
Eastern North Carolina, type 12	427.0	243.0	- 43.1	422.7	213.8	- 49.4
South Carolina, type 13	238.0	141.0	- 40.8	226.3	125.8	- 44.4
Georgia and Florida, type 14	154.9	87.3	- 43.6	115.9	89.7	- 22.6
Total fire-cured, types 21-24	111.7	116.2	+ 4.0	95.6	95.4	- 0.2
Virginia, type 21	23.0	23.7	+ 3.0	20.9	17.8	- 14.8
Ky. and Tenn., type 22	62.0	64.5	+ 4.0	52.5	54.3	+ 3.4
Ky. and Tenn., type 23	25.9	27.2	+ 5.0	21.5	22.6	+ 5.1
Henderson, type 248	.8	0.0	.7	.7	0.0
Burley, type 31	432.2	380.8	- 11.9	394.8	309.6	- 21.6
Maryland, type 32	38.2	37.3	- 1.0	29.8	27.4	- 8.1
Total dark air-cured, types 35-37	43.0	48.9	+ 1.9	43.3	41.3	- 4.6
One Sucker, type 35	24.1	24.5	+ 1.7	22.0	20.9	- 5.0
Green River, type 36	20.5	20.5	0.0	18.0	17.4	- 3.3
Va. sun-cured, type 37	3.4	3.9	+ 14.7	3.3	3.0	- 9.1
Total cigar filler, types 41-45	44.8	45.9	+ 2.5	53.4	50.8	- 4.9
Pa. Seedleaf, type 41	25.9	27.7	+ 3.0	35.5	35.7	+ 0.6
Miami Valley, types 42-44	16.5	16.8	+ 1.8	16.5	13.5	- 18.2
Ga. and Fla. sun-grown, type 45	1.4	1.4	0.0	1.4	1.6	+ 14.3
Total cigar binder, types 51-55	40.8	44.2	+ 8.3	61.1	64.1	+ 4.9
Conn. Valley Broadleaf, type 51	7.9	8.4	+ 6.3	12.8	12.8	0.0
Conn. Valley Havana Seed, type 52	8.1	8.6	+ 6.2	13.6	13.6	0.0
N. Y. and Pa. Havana Seed, type 53	1.8	1.9	+ 5.6	2.5	2.5	0.0
Southern Wisconsin, type 54	13.0	13.6	+ 4.6	18.2	19.0	+ 4.4
Northern Wisconsin, type 55	10.0	11.7	+ 17.0	14.0	16.2	+ 15.7
Total cigar wrapper, types 61-62	10.9	10.2	- 6.4	11.4	10.1	- 11.4
Conn. Valley Shadegrown, type 61	7.7	6.5	- 15.5	8.6	6.4	- 25.6
Ga. and Fla. Shadegrown, type 62	3.2	3.7	+ 15.6	2.8	3.7	+ 32.1
Total, all types	2,014.5	1,437.3	- 28.7	1,848.7	1,241.7	- 32.8

1/ Preliminary.

2/ Acreage for harvest as of July 1, and production indicated September 1.